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I don't know if I should be honored to give this keynote address or suspicious of the sanity of any group asking to be addressed by a Congressman twice in one day. Sane or not, you are certainly gluttons for punishment. But now that I'm retiring, I fear that soon no one may want to listen to me at all, so I wouldn't turn down your request.

In all serious, though, I am delighted to be back at this conference because, as I said this morning, energy policy is probably the most critical and least discussed issue facing our nation.

Now when I say least discussed, I don't mean that people aren't talking about energy at all. We see front-page stories about $70 a barrel oil and $3 a gallon gasoline. The President pointed to our national "addiction" to oil in his State of the Union speech and proposed a worthy Advanced Energy Initiative. Congress passed, and the President signed last summer, the first energy legislation in at least a decade – overall, it was lousy legislation, I thought, but legislation nonetheless.

But that legislation showed that what we're lacking in Washington, in the media, in our private conversations, is a willingness or maybe even an ability to have a focused, serious, open discussion of energy policy – a discussion in which we lay all the options on the table and put together a balanced, forward-looking energy policy for the 21st Century. Sometimes it seems that we don't even have the language any more for such a discussion.

A conversation like the one we so desperately need would have to look at energy demand as well as energy supply, and at regulations and policy tools as well as tax incentives and R&D.

And a conversation like that would have to go beyond the sloganeering of the right, which presumes that the market is the answer to every ill; and beyond the sloganeering of the left, which places all blame for every ill on rapacious corporations. And such a conversation could not rely on hyping miracle energy cures that have the advantage of being far enough out in the future that they can't be seriously evaluated or implemented today. And the conversation would have to take seriously both the threat of global climate change and the difficulties of moving away from our current dependence on fossil fuels. In short, the conversation would have to be fundamentally different from the discussions that predominate today.

Moving to such a conversation in these polarized and politicized times will not be easy. But it also shouldn't be impossible because the stakes are so high, and, as a result, there are some signs of progress.

Would anyone have predicted even six months ago that the President would speak out against our "addiction" to oil? Would anyone have predicted the conversion of some in the evangelical camp into advocates for action on climate change? Would anyone have predicted that a leader of Greenpeace would write an op-ed in The Washington Post calling for greater reliance on nuclear energy, which happened a week or so ago?

The combination of skyrocketing oil prices, growing concern about being drawn into military confrontations because of our dependence on foreign oil, and the ever growing evidence of climate change and its potential costs – that combination is beginning to act as a solvent, slowly cleaning away some of the rusty thinking that had fixed individuals and organizations in unmovable positions.

True, not everyone has become flexible yet. But for every ExxonMobil there is a BP, and for every Southern Company there is a Cinergy. So even in the energy industries, we are moving to a stage when key players may be more willing to talk and not just issue pronouncements.

If we do get to the point where we can have a truly open conversation about energy policy and attract the public's attention to it, then what might result? Or to put it more personally, what do I think some of the elements of a 21st Century energy policy should be?

Well, for starters, we have to do more to create demand for new technologies that can reduce our dependence on foreign oil and environmental degradation. And there's only one "we" that can do that – and that's the federal government. I know we live in an anti-government age, and suspicion of government is a time-honored and healthy American trait.

But our energy woes are in many ways the result of classic market failures that can only be addressed through collective action, and government is the vehicle for collective action in a democracy.

What do I mean? As a society, it is a priority that we limit our consumption of fossil fuels for economic, security and environmental reasons. But there is no way to adequately express that societal priority in the marketplace – at least not until fuel prices become so high that they will already have done serious damage to our economy. That's because the top priority for all of us as a society may not be the top priority for each of us acting as individuals, and because the marketplace doesn't offer a complete range of options.

Let me take one obvious example. I would love to buy an SUV that gets much better fuel economy. But if it's not available, I may still buy an SUV for other reasons – in my case, because it's the only kind of vehicle my wife thinks is safe. I can't express through the market the priority that I, as a citizen, place on significantly improving the fuel economy of SUVs. And I don't want to wait until gas prices get even higher for car companies to decide to make fuel efficient SUVs in great numbers, especially since they already have the technology to make safe, fuel efficient SUVs.

So the only way we're going to improve fuel economy or appliance efficiency swiftly and to the maximum extent practicable is if the government requires it. I'm not talking about the government "picking winners and losers" or pushing particular technologies. I'm talking about the government setting requirements that will lead the private sector to develop new technologies and to bring existing untapped technologies into the marketplace.

The government has done this in the past – we still do it to a small extent now – and it's been proven to work. The only barrier to moving forward is ideology.

All the research and development (R&D) programs in the world won't matter much if we don't do more to create an incentive to bring the fruits of R&D into the marketplace and to get customers to buy them.

So what should we do? First, the federal government should impose higher Corporate Average Fuel Economy (CAFE) standards for cars and light trucks, as I've been proposing for years. Each time we have a vote in the House on my amendment to increase fuel economy standards, we do better, but we're not at a majority yet.

As a National Academy of Sciences report concluded several years ago, we can improve fuel economy substantially using current technologies (not even including hybrid technology) without reducing safety, significantly raising prices or costing American jobs. And yet we continue to avoid taking this relatively simple and proven step. The new fuel economy rules the Administration issued recently do very little to attack the problem; they're just another missed opportunity.

The President chose the word "addiction" wisely. I sometimes think our dependence on oil has addled our brains.

And autos are not the only product that could be made more energy efficient if we just put in place sensible requirements. This is also true of many appliances and even of entire buildings. And yet to the extent there was any real debate about energy efficiency standards at all in last year's energy debate, it was about whether to include language blocking energy requirements for some appliances. That legislation didn't evince much belief in alternative fuels, but it did seem to be written sometimes in an alternative universe.

And the costs of delay are even larger than they first appears because cars and appliances and certainly buildings last for a long time. The decisions we make today will lock in an energy profile for years to come.

Now a sensible climate change policy would also help get at these demand-side problems, although it will be harder to reach agreement on that than on CAFE or appliance standards because the implications of climate policy are so far-reaching. But the federal government needs to implement a cap-and-trade system to regulate greenhouse gas emissions, modeled on the one that has worked so successfully to reduce acid rain in our beloved Adirondacks.

I don't have time to get into here all the manifold questions on exactly how such a system should work. The Senate Energy and Natural Resources Committee – in what is another positive sign – put out an excellent staff paper a month or so ago outlining the questions that need to be answered to write a law implementing a cap-and-trade system. And that Committee followed that up with a very promising day-long session earlier this month with a wide variety of witnesses, including many leading businesses that called on the government to take action on greenhouse gas emissions.

More Members of Congress need to understand how interested many leading companies are in taking action on climate change now, in part because they fear measures will have to be Draconian if we delay much longer. At our Science Committee, we had a hearing last summer that also brought together some of the leading industrial voices for action and as a result we had a much less ideological discussion of the issue.

So a consensus is developing, albeit rather slowly, for regulating greenhouse gas emissions. Nothing is going to happen on this before I leave Congress, but I am optimistic that we will see serious action over the next five years or so, with the Senate taking the lead.

Now, I've focused so far on the demand side of the energy equation because it's the piece that's largely being ignored today. But I don't mean by that to indicate that there are no concerns on the supply side. We do need to do more on the supply side – and by that I don't just mean tapping existing supplies of oil, gas, coal and nuclear energy, I mean we need to increase the supply of new technologies.

Those technologies include technologies to take greater advantage of solar and wind energy and biomass, as I discussed this morning; advanced batteries, which would facilitate the use of a number of new technologies; technologies to use newer fuels like hydrogen, and technologies that are more energy efficient.

To a certain extent, industry and venture capitalists will invest more in these technologies once we increase the demand for them through the steps I've just been discussing. But we also need the government to continue to fund energy research, particularly longer-range, transformative research that companies are loathe to fund because it's unclear whether it will have any immediate benefits.

In this area, last year's Energy Act was more encouraging – which may not be a surprising statement coming from me, since our Science Committee wrote the provisions of the law that call for more research on new technologies. The Administration has also picked up the ball in this area through the Advanced Energy Initiative, which includes more money for research on advanced batteries, biofuels and hydrogren.

I have to say that hydrogen is the most hyped, but least promising of those three technologies because it has innate limitations and requires clearing far more technical hurdles. Moreover, developing a hydrogen distribution system will be a massive undertaking, and the transition to a "hydrogen economy" will likely take far more government action than anyone is willing to talk about right now. But it's still a line of research worth pursuing.

The private sector is also calling for an increase in federal energy research, most notably in the National Academy of Sciences report *Rising Above the Gathering Storm*. That report, issued by a panel headed up by former Lockheed Martin CEO Norm Augustine, called for a new entity at the Department of Energy to push research in new energy ideas.

I'm still not sure whether a new entity is needed – we had a Science Committee hearing on that in March – but I am sure we need to devote more funds to more areas of energy research. And I think the Congress is open to doing that.

So I guess I'd conclude that we're perhaps half way to where we need to be. More and more people, starting with the President, have recognized the severity of the nation's energy problem and are calling more attention to it. And there's a willingness in the White House and the Capitol to put more money into the supply side of energy technology. But we're just starting to have more serious discussions about the steps that the government will need to take to stimulate the demand necessary to get those new technologies into the market.

It will take concerted and continuing pressure from the public – from people like you, which will pretty soon include me – it will take concerted pressure to keep the nation moving toward a real discussion that will produce a sensible and balanced energy policy.

You might say that, as a nation, we've at least started to show up at our "Oil Addicts Anonymous" meetings, but it's going to take a lot more nagging and a bit of pain before we're able to say that we're recovering addicts. And the temptation to slip back will always be with us – or our vehicles wouldn't be less fuel efficient than they were 20 years ago.

But as a great nation we need to find the strength to get on a new energy path. I look forward to working with all of you to do that.

Thank you.